

## TARGETED SMALL BUSINESS CERTIFICATION PROCESS

### *Frequently Asked Questions*

The first step involved with the Targeted Small Business (TSB) program is the certification process. All applicants interested in the program must complete the certification application, supply certain copies of the information requested and submit those items to the Department of Inspections and Appeals (DIA) with a \$25.00 non-refundable application processing fee. The certification application and more specific information are available at <http://www.dia.iowa.gov/page7.html> or you may contact Mary Montgomery at 515-281-5796 or [Mary.Montgomery@dia.iowa.gov](mailto:Mary.Montgomery@dia.iowa.gov).

All applications and information submitted are reviewed to assure eligibility with the program and determine compliance under Chapter 25 Iowa Targeted Small Business Certification Program Administrative Rules. It is imperative that your application and any additional documentation provide evidence of the ownership and control of your company. The effort you make in submitting a complete application, the documentation requested, and any other documentation that will help prove that your company meets the eligibility standards will decrease the amount of processing time.

**Q: WHAT IS A TARGETED SMALL BUSINESS (TSB)?**

A: A *TSB* is a small business which is at least 51 percent owned, operated, and actively managed by one or more targeted group persons provided the business meets at a minimum the following requirements:

1. Is located in the State of Iowa;
2. Is operated for profit;
3. Has an annual gross income of less than \$4 million, computed as an average of the three preceding fiscal years.

**Q: WHO IS A TARGETED GROUP PERSON?**

A: A *targeted group person* means minorities, women, persons with disabilities and “service-disabled” veterans.

**Q: WHAT IS ANNUAL GROSS INCOME?**

A: *Annual gross income* is the total sales, minus the cost of goods sold, plus any income from investments and from incidentals or outside operations or sources.

**Q: WHAT DOES CERTIFICATION MEAN?**

A: *Certification* is the process which identifies small businesses as targeted and eligible for loans and business support.

**Q: WHAT DOES CONDITIONAL CERTIFICATION MEAN?**

A: *Conditional certification* means a temporary certification identifying targeted group person-owned companies before the business is operational in order for the applicant to apply for loans and business support.

**Q: HOW LONG DOES THE CERTIFICATION PROCESS TAKE?**

A: The *processing time* is usually completed within a three to four-week period, unless additional information is required. You will receive written notification once your certification status has been determined.

**Q: CAN I APPLY FOR TARGETED SMALL BUSINESS LOANS AT THE SAME TIME I APPLY FOR CERTIFICATION?**

**A:** Yes. You may contact the Iowa Center for Economic Success concerning loans and business support. However, only certified Targeted Small Businesses are eligible to obtain *TSB low-interest loans*.

**Q: WHAT QUALIFIES AS A DISABILITY?**

**A:** For purposes of the TSB Program, *disability* is with respect to an individual, a physical or mental impairment that substantially limits one or more of the *major life activities* of the individual, a record of physical or mental impairment that substantially limits one or more of the major life activities of the individual, or being regarded as an individual with a physical or mental impairment that substantially limits one or more of the major life activities of the individual.

*Major life activity* includes functions such as caring for one's self, performing manual tasks, walking, seeing, hearing, speaking, breathing, learning or working.

**Q: WHO QUALIFIES AS A MINORITY?**

**A:** A *minority* is an individual who is Black/African American, Hispanic/Latino, Asian, Pacific Islander, American Indian, or Alaskan Native American.

**Q: WHO QUALIFIES AS A SERVICE-DISABLED VETERAN?**

**A:** The service-disabled veteran must have a service-connected disability that has been determined by the Department of Veteran Affairs or Department of Defense.

**Q: IF A TARGETED GROUP PERSON (TGP) OWNS 51 PERCENT OF THE BUSINESS AND A NON-TARGETED GROUP PERSON OWNS 49 PERCENT, DOES THE BUSINESS QUALIFY FOR THIS PROGRAM?**

- A:**
- (1.) Independent contributions of capital are made by the TGP owner(s).
  - (2.) Independent contributions of expertise are made by the TGP owner(s).
  - (3.) Independent risk of loss and share of profit by the TGP owner(s) are commensurate with their proportion of ownership.
  - (4.) A board of directors and stockholders shall each have a membership comprised of at least 51 percent TGP owner(s).
  - (5.) The TGP owner(s) shall direct or cause the direction of the business. The owner(s) shall make day-to-day decisions as well as major decisions on management policy and operation of the business.
  - (6.) Ownership is not enough; operational control is required.

Additional eligibility standards may be found under Chapter 25 Iowa Targeted Small Business Certification Program Administrative Rules at: [www.dia.iowa.gov/page7.html](http://www.dia.iowa.gov/page7.html)